

**Muscatine Power and Water**

**Communications Utility**

**Statement of Revenues, Expenses and Changes in Net Position**

**June 2014**

**Muscatine Power and Water  
Communications Utility**

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**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Current Month - June 2014**

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<b><u>Operating Revenue</u></b>					
CATV	\$619,084	(4.4)	\$591,786	(8.6)	\$647,282
Data/Internet	383,796	2.8	394,516	19.1	331,116
MAN/MME	46,070	(3.4)	44,526	9.8	40,558
Miscellaneous	9,006	20.2	10,827	(2.7)	11,129
<b>Total Operating Revenues</b>	<b>1,057,956</b>	<b>(1.5)</b>	<b>1,041,655</b>	<b>1.1</b>	<b>1,030,085</b>
<b><u>Operating Expense</u></b>					
Operation	710,145	(13.2)	616,731	(4.5)	645,707
Maintenance	75,992	15.4	87,729	25.2	70,047
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
<b>Total Operating Expenses</b>	<b>956,746</b>	<b>(9.2)</b>	<b>869,163</b>	<b>(4.6)</b>	<b>910,786</b>
<b>Operating Income</b>	<b>101,210</b>	<b>70.4</b>	<b>172,492</b>	<b>44.6</b>	<b>119,299</b>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	4,005	(0.8)	3,972	(42.8)	6,940
Interest Expense	(111,910)	0.0	(111,912)	(3.2)	(115,671)
<b>Net Nonoperating Expense</b>	<b>(107,905)</b>	<b>0.0</b>	<b>(107,940)</b>	<b>(0.7)</b>	<b>(108,731)</b>
<b>Net Loss before Capital Contributions</b>	<b>(6,695)</b>	<b>-10.6X</b>	<b>64,552</b>	<b>5.1X</b>	<b>10,568</b>
<b>Capital Contributions</b>	<b>---</b>		<b>15,462</b>	<b>19.3X</b>	<b>760</b>
<b>Change in Net Position</b>	<b>(\$6,695)</b>		<b>\$80,014</b>		<b>\$11,328</b>
<b>Beginning Net Position</b>	<b>(23,657,075)</b>		<b>(23,428,951)</b>		<b>(23,637,575)</b>
<b>Ending Net Position</b>	<b>(\$23,663,770)</b>		<b>(23,348,937)</b>		<b>(23,626,247)</b>
Net Loss to Operating Revenue	(0.6)		6.2		1.0
Debt Service Coverage on Bank Debt	3.01		3.72		3.50
Debt Service Coverage on Electric Utility Debt	1.77		2.40		2.21

**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Calendar Year-to-Date - June 2014**

	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<b><u>Operating Revenue</u></b>					
CATV	\$3,706,656	(0.2)	\$3,698,727	(4.8)	\$3,887,154
Data/Internet	2,286,625	2.3	2,338,686	19.6	1,955,804
MAN/MME	285,252	(8.4)	261,359	9.2	239,268
Miscellaneous	55,058	24.6	68,600	13.8	60,287
<b>Total Operating Revenues</b>	<b>6,333,591</b>	<b>0.5</b>	<b>6,367,372</b>	<b>3.7</b>	<b>6,142,513</b>
<b><u>Operating Expense</u></b>					
Operation	4,268,592	(5.7)	4,024,323	(0.7)	4,053,162
Maintenance	454,732	4.0	473,059	14.8	412,169
Depreciation	1,023,656	(3.5)	988,218	(15.6)	1,170,192
<b>Total Operating Expenses</b>	<b>5,746,980</b>	<b>(4.5)</b>	<b>5,485,600</b>	<b>(2.7)</b>	<b>5,635,523</b>
<b>Operating Income</b>	<b>586,611</b>	<b>50.3</b>	<b>881,772</b>	<b>73.9</b>	<b>506,990</b>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	24,633	(5.7)	23,233	(42.7)	40,576
Interest Expense	(671,460)	0.0	(671,462)	(3.3)	(694,022)
<b>Net Nonoperating Expense</b>	<b>(646,827)</b>	<b>0.2</b>	<b>(648,229)</b>	<b>(0.8)</b>	<b>(653,446)</b>
<b>Net Loss before Capital Contributions</b>	<b>(60,216)</b>	<b>-4.9X</b>	<b>233,543</b>	<b>-2.6X</b>	<b>(146,456)</b>
<b>Capital Contributions</b>	<b>—</b>		<b>21,074</b>	<b>3.8X</b>	<b>4,403</b>
<b>Change in Net Position</b>	<b>(60,216)</b>		<b>254,617</b>		<b>(142,053)</b>
<b>Beginning Net Position</b>	<b>(23,603,554)</b>		<b>(23,603,554)</b>		<b>(23,484,194)</b>
<b>Ending Net Position</b>	<b>(\$23,663,770)</b>		<b>(\$23,348,937)</b>		<b>(\$23,626,247)</b>
<b>Net Loss to Operating Revenue</b>	<b>(1.0)</b>		<b>3.7</b>		<b>(2.4)</b>
<b>Debt Service Coverage on Bank Debt</b>	<b>2.97</b>		<b>3.44</b>		<b>3.12</b>
<b>Debt Service Coverage on Electric Utility Debt</b>	<b>1.74</b>		<b>2.15</b>		<b>1.87</b>

**Muscatine Power and Water - Communications Utility**  
**Statements of Net Position**  
**June 2014**

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>Current Assets:</b>		
<b><u>Restricted</u></b>		
Cash - interest bearing	<u>\$671,486</u>	<u>\$70,520</u>
Total Restricted Current Assets	<u>671,486</u>	<u>70,520</u>
<b><u>Unrestricted</u></b>		
Cash - interest bearing	3,103,769	1,902,709
Investments	2,152,000	3,612,010
Receivables:		
Consumer Accounts	1,210,975	1,243,230
Interest	21,913	39,458
Inventories	241,584	323,051
Prepaid Expenses	182,771	153,558
Pension Provision	---	12,184
Total Unrestricted Current Assets	<u>6,913,012</u>	<u>7,286,200</u>
Total Current Assets	<u>7,584,498</u>	<u>7,356,720</u>
<b>Property and Equipment:</b>		
At Cost	32,613,161	32,079,225
Less Accumulated Depreciation	<u>23,869,261</u>	<u>22,388,517</u>
Net Property and Equipment	<u>8,743,900</u>	<u>9,690,708</u>
<b>TOTAL ASSETS</b>	<u><b>\$16,328,398</b></u>	<u><b>\$17,047,428</b></u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Net Position**  
**June 2014**

**LIABILITIES AND NET POSITION**

	<u>2014</u>	<u>2013</u>
<b>Current Liabilities:</b>		
<b><u>Restricted</u></b>		
Notes Payable - Banks	\$1,005,000	\$960,000
Accrued Interest	47,940	70,500
	1,052,940	1,030,500
Total Restricted Current Liabilities		
<b><u>Unrestricted</u></b>		
Accrued Interest	623,522	623,522
Accounts Payable	452,264	587,492
Pension Provision	166,194	---
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	60,838	49,295
Accrued Vacation	150,371	149,007
Accrued Property Taxes	12,842	17,158
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	147,946	145,566
	1,669,177	1,620,398
Total Unrestricted Current Liabilities		
Total Current Liabilities	<u>2,722,117</u>	<u>2,650,898</u>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	257,063	337,722
Post-Employment Health Benefit Provision	62,926	27,326
Unearned Revenue - Dark Fiber Lease	273,229	290,729
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
	36,955,218	38,022,777
Total Non-Current Liabilities		
<b>Net Position:</b>		
Net Investment in Capital Assets	6,703,900	6,690,708
Unrestricted	(30,052,837)	(30,316,955)
	(23,348,937)	(23,626,247)
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$16,328,398</u></u>	<u><u>\$17,047,428</u></u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Cash Flows**  
**June 2014**

	<u>Current Month</u>	<u>Year- To-Date</u>
<b>Cash flows from operating activities:</b>		
<b>Cash received from:</b>		
Communications sales	\$1,016,482	\$6,142,169
Advertising sales	29,892	187,970
Miscellaneous sources	5,448	75,567
<b>Cash paid to/for:</b>		
Suppliers	(379,158)	(2,771,798)
Employees payroll, taxes and benefits	<u>(251,742)</u>	<u>(1,671,950)</u>
<b>Net cash flows from operating activities</b>	<u>420,922</u>	<u>1,961,958</u>
<b>Cash flows from capital and related financing activities:</b>		
<b>Capital expenditures, net</b>	(78,310)	(695,384)
<b>Loan principal payments</b>	---	(960,000)
<b>Loan interest payments</b>	---	(694,022)
<b>Net cash flows from capital and related financing activities</b>	<u>(78,310)</u>	<u>(2,349,406)</u>
<b>Cash flows from investing activities:</b>		
<b>Interest received on investments</b>	188	81,147
<b>Amortization/accretion of investments</b>	---	(71)
<b>Mark to Market</b>	---	---
<b>Net cash flows from investing activities</b>	<u>188</u>	<u>81,076</u>
<b>Net increase (decrease) in cash and investments</b>	<u>342,800</u>	<u>(306,372)</u>
<b>Cash and investments at beginning of period</b>	<u>5,584,455</u>	<u>6,233,627</u>
<b>Cash and investments at end of period</b>	<u><u>\$5,927,255</u></u>	<u><u>\$5,927,255</u></u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Cash Flows**  
**June 2014**

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$172,492	\$881,772
Noncash items in operating income:		
Converter/modem write-off	1,271	6,350
Depreciation of utility plant	164,703	988,218
Changes in assets and liabilities:		
Consumer accounts receivable	12,840	96,284
Inventories	9,572	45,360
Prepaid and deferred expenses	22,563	(120,384)
Accounts payable	(6,757)	(48,868)
Pension provision	27,699	166,194
Health & dental insurance provision	(11,851)	(35,256)
Other post-employment benefit provision	1,354	8,125
Unearned revenue	(1,459)	(8,750)
Intercompany payable	---	---
Accrued payroll	10,736	(10,346)
Accrued vacation	161	6,127
Accrued property taxes	1,113	514
Miscellaneous accrued expenses	<u>16,485</u>	<u>(13,382)</u>
Net cash flows from operating activities	<u><u>\$420,922</u></u>	<u><u>\$1,961,958</u></u>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Current Month - June 2014**

	<b>Budget</b> <b><u>Estimate</u></b>	<b>This Year</b>	<b>Last Year</b>
<b>CATV</b>			
Program Acquisition Expense	\$364,413	\$296,047	\$347,397
Promotional Expense	887	486	468
Electricity Expense	2,667	2,530	2,412
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,376	2,391	947
Underground Line Expense	2,551	3,230	2,639
Ad Insertion - Marketing/Production	6,572	6,472	5,187
Miscellaneous CATV Expense	13,403	13,086	20,693
Vehicle Expense	5,926	5,894	5,794
Maintenance:			
Fiber	716	1,404	362
Coax	2,275	1,035	649
Drops	2,205	1,966	3,728
Conduit System	776	2,760	663
Headend	23,239	18,023	18,109
Line Equipment	4,246	3,715	3,303
Converters	6,130	4,999	3,667
Ad Insertion	3,967	4,379	3,553
Vacation, Holiday, Sick Leave	3,846	4,427	7,028
Property Taxes	733	734	316
Depreciation	<u>116,212</u>	<u>111,937</u>	<u>144,995</u>
Total CATV	<u>564,432</u>	<u>487,807</u>	<u>574,160</u>
<b>Data/Internet</b>			
Data/Internet Access Charges	30,608	25,784	24,894
Promotional Expense	888	512	420
Electricity Expense	100	86	82
Pole Attachment Expense	83	83	83
Changes of Service	70	1,025	406
Customer Wireless Equipment Expense	260	43	1,079
Underground Line Expense	87	110	90
Miscellaneous Data/Internet Expense	2,308	3,659	12,292
Vehicle Expense	836	722	707
Maintenance:			
Fiber	25	49	13
Coax	78	36	22
Drops	75	67	131
Conduit System	27	96	23
Headend	15,428	33,153	27,740
Line Equipment	142	127	(190)
Modems	4,741	6,180	5,459
Vacation, Holiday, Sick Leave	1,796	1,294	1,804
Property Taxes	26	25	11
Depreciation	<u>24,382</u>	<u>23,680</u>	<u>20,798</u>
Total Data/Internet	<u>\$81,960</u>	<u>\$96,731</u>	<u>95,864</u>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - June 2014**

	<b>Budget</b> <b><u>Estimate</u></b>	<b>This Year</b>	<b>Last Year</b>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$2,190,955	\$2,061,921	\$2,120,824
Promotional Expense	5,326	3,364	4,227
Electricity Expense	16,000	15,039	14,672
Pole Attachment Expense	13,750	13,750	13,500
Changes of Service	7,984	8,158	6,845
Underground Line Expense	15,403	12,525	11,370
Ad Insertion - Marketing/Production	39,437	37,277	34,130
Miscellaneous CATV Expense	81,237	61,621	125,744
Vehicle Expense	35,893	32,601	32,457
Maintenance:			
Fiber	4,211	7,882	3,731
Coax	13,823	7,461	5,328
Drops	12,752	8,645	12,022
Conduit System	4,474	6,806	4,335
Headend	139,018	117,230	108,903
Line Equipment	24,424	27,441	25,692
Converters	36,417	23,264	33,603
Ad Insertion	23,902	26,241	20,547
Vacation, Holiday, Sick Leave	29,124	24,815	39,304
Property Taxes	4,401	4,401	6,904
Depreciation	<u>697,271</u>	<u>671,622</u>	<u>869,970</u>
Total CATV	<u>3,395,802</u>	<u>3,172,064</u>	<u>3,494,108</u>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	183,648	155,616	152,985
Promotional Expense	5,325	3,500	4,015
Electricity Expense	600	513	501
Pole Attachment Expense	500	500	500
Changes of Service	411	3,496	2,933
Customer Wireless Equipment Expense	1,561	43	8,556
Underground Line Expense	526	428	388
Miscellaneous Data/Internet Expense	13,901	15,766	66,771
Vehicle Expense	5,014	3,964	3,941
Maintenance:			
Fiber	147	1,202	124
Coax	472	255	182
Drops	435	296	414
Conduit System	156	238	151
Headend	92,988	168,836	146,556
Line Equipment	814	936	574
Modems	27,655	22,755	21,360
Vacation, Holiday, Sick Leave	13,752	10,848	18,474
Property Taxes	153	154	243
Depreciation	<u>146,291</u>	<u>142,080</u>	<u>124,788</u>
Total Data/Internet	<u>\$494,349</u>	<u>\$531,426</u>	<u>\$553,456</u>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Current Month - June 2014**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$1,100	\$1,100	\$1,042
Tools Expense	292	2,020	8
Maintenance:			
Fiber	345	677	174
Conduit System	375	1,332	320
MAN/MME Equipment	7,603	4,573	1,707
Vacation, Holiday, Sick Leave	355	414	456
Property Taxes	354	354	152
Depreciation	<u>20,841</u>	<u>20,425</u>	<u>20,963</u>
Total MAN/MME	<u>31,265</u>	<u>30,895</u>	<u>24,822</u>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	<u>17,451</u>	<u>2,252</u>	<u>2,207</u>
<b><u>Consumer Accounts</u></b>			
Supervision	2,507	2,926	2,515
Consumer Records and Collections	39,632	40,454	37,101
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	<u>3,383</u>	<u>3,768</u>	<u>3,276</u>
Total Consumer Accounts	<u>49,149</u>	<u>50,775</u>	<u>45,844</u>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	70,697	68,885	54,693
Office Supplies and Expense	4,628	4,120	2,993
Outside Services Employed	11,487	12,153	7,518
Property Insurance	1,177	1,187	1,040
Casualty Ins, Injuries & Damages	6,263	4,680	4,177
Employee Pensions and Benefits	81,059	77,781	73,721
Fringe Benefits Charges to Construction	(6,382)	(4,660)	(5,068)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	13,151	7,793	5,874
Maintenance of General Plant	3,599	3,158	614
Vacation, Holiday, Sick Leave	8,430	7,739	5,113
Depreciation	<u>9,174</u>	<u>8,661</u>	<u>8,276</u>
Total Administrative and General	<u>212,489</u>	<u>200,703</u>	<u>167,889</u>
<b>Total Operating Expenses</b>	<b><u>\$956,746</u></b>	<b><u>\$869,163</u></b>	<b><u>\$910,786</u></b>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - June 2014**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$6,600	\$6,600	\$6,250
Tools Expense	1,750	2,704	267
Maintenance:			
Fiber	2,032	3,803	1,713
Conduit System	2,159	3,284	2,092
MAN/MME Equipment	45,701	27,476	10,112
Vacation, Holiday, Sick Leave	2,853	2,919	3,188
Property Taxes	2,123	2,124	3,332
Depreciation	<u>125,049</u>	<u>122,550</u>	<u>125,778</u>
Total MAN/MME	<u>188,267</u>	<u>171,460</u>	<u>152,732</u>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	<u>53,163</u>	<u>12,744</u>	<u>14,069</u>
<b><u>Consumer Accounts</u></b>			
Supervision	14,952	15,413	16,005
Consumer Records and Collections	237,904	244,577	240,486
Uncollectible Accounts Expense	21,760	21,760	17,712
Vacation, Holiday, Sick Leave	<u>25,584</u>	<u>30,506</u>	<u>28,359</u>
Total Consumer Accounts	<u>300,200</u>	<u>312,256</u>	<u>302,562</u>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	424,029	427,095	330,406
Office Supplies and Expense	27,681	25,595	25,282
Outside Services Employed	68,969	60,287	41,893
Property Insurance	6,823	6,679	6,033
Casualty Ins, Injuries & Damages	37,937	40,536	27,587
Employee Pensions and Benefits	498,718	518,908	496,687
Fringe Benefits Charges to Construction	(36,348)	(38,510)	(32,744)
Rents	55,237	55,237	53,628
Miscellaneous General Expense	91,161	63,777	50,732
Maintenance of General Plant	23,152	19,008	14,730
Vacation, Holiday, Sick Leave	62,795	55,072	54,706
Depreciation	<u>55,045</u>	<u>51,966</u>	<u>49,656</u>
Total Administrative and General	<u>1,315,199</u>	<u>1,285,650</u>	<u>1,118,596</u>
Total Operating Expenses	<u>\$5,746,980</u>	<u>\$5,485,600</u>	<u>\$5,635,523</u>

**Muscatine Power and Water - Communications Utility****Statistical Data**

June 2014

<u>Services</u>	<u>Budget</u>	<u>% Increase (Decrease)</u>	<u>This Year</u>	<sup>fn1</sup> <u>Fr. Last Yr.</u>	<u>% Increase (Decrease)</u>	<u>Last Year</u>	<sup>fn1</sup>
	<u>Estimate</u>	<u>From Budget</u>					
<b>CATV</b>							
Residential	6,708	(5.8)	6,317	(9.5)	6,979		
Commercial/Hospitality	<u>161</u>	2.5	<u>165</u>	0.6	<u>164</u>		
<b>Total CATV</b>	<b><u>6,869</u></b>	<b>(5.6)</b>	<b><u>6,482</u></b>	<b>(9.3)</b>	<b><u>7,143</u></b>		
<b>Bulk Equivalent Services</b>	<b><u>359</u></b>	<b>4.5</b>	<b><u>375</u></b>	<b>0.5</b>	<b><u>373</u></b>		
<b>Bulk Master Services</b>	<b><u>22</u></b>	<b>4.5</b>	<b><u>23</u></b>	<b>4.5</b>	<b><u>22</u></b>		
<b>Internet</b>							
Residential	6,968	(0.3)	6,945	1.9	6,816		
Commercial	<u>439</u>	6.4	<u>467</u>	0.4	<u>465</u>		
<b>Total Internet</b>	<b><u>7,407</u></b>	<b>0.1</b>	<b><u>7,412</u></b>	<b>1.8</b>	<b><u>7,281</u></b>		
<b>MAN/MME</b>	<b><u>67</u></b>	<b>--</b>	<b><u>67</u></b>	<b>19.6</b>	<b><u>56</u></b>		

**fn1** Number of actual residential and commercial services are per the end of month subscriber report